

BIENNIAL BUDGETING FOR THE DEPARTMENT OF DEFENSE

by

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We know only too well that war comes not when the forces of freedom are strong, but when they are weak. It is then that tyrants are tempted.

Ronald Reagan, 16 July 1980

When asked to identify the major problem facing the federal government today, different people respond differently. An economist might say that the deficit is too large. A political scientist might claim that the rise of administrative agencies have rendered a large portion of our government unaccountable. A military analyst might claim that the Soviets are increasing their fighting capabilities at rates that the United States cannot match. These differing opinions are a result of a large federal government that touches many interests in society. Since these interests vary, there will be different perspectives on what is "the" major problem. The problem of concern for this paper is defense policy.

The rising sophistication and quantity of nuclear weapons and the increase of terrorism aimed at the United States has made the defense of our country more difficult. To defend our country, we need to invest in new technology. To do this, the defense establishment needs funding. Congress has the constitutional responsibility to fund a national defense. However, congressional responsibility for funding has increased substantially in the past fifty years. The Department of Defense is among the growing number of contenders that

must annually request funds from Congress.

These growing number of requests for funding have led Congress into deficit spending. In 1985, the deficit reached 212.3 billion dollars.² Pressure from the growing deficit has resulted in the possibility of a balanced budget amendment as well as the enactment of forced deficit reductions in 1985 in the Gramm-Rudman Bill (PL 99-177).

In light of the increased pressure to reduce the deficit, Congress is more skeptical of the requests for funding. However, only a certain portion of the requests can be effected by this skepticism. This portion of the requests is termed controllable funding. Controllable funding requests can be changed as Congress feels is justified. The remaining portion of the budget is uncontrollable by Congress. Entitlement programs would serve as a good example of uncontrollable because there is not a limit set by Congress on their expenditures. Instead, their expenditures are a result of those who qualify by law to receive the funds. Therefore, Congress cannot control or mandate a certain limit on these requests without a change in the law they operate under.

Two-thirds of the annual budget has been removed from the real control of Congress. ³ The remaining one-third of the budget is therefore, the prime target of budget cuts. The Department of Defense's budget is

seventy percent controllable.⁴ This makes defense spending a large percent of the controllable programs that are targeted on the federal level by the skepticism of Congress..

What does this mean to military planners? This means that the Department of Defense is a prime target for cuts in federal funding. Military planners are aware of this. This awareness has lead to reaction. Part of the reaction is the implementation of the biennial budget. Biennial budgeting will extend the annual authorizations and the appropriations for the Department of Defense to once every two years.

The first biennial budget for the Department of Defense was submitted to Congress for the fiscal years 1988 and 1989. This is a result of the National Security Decision Directive 219 issued by President Ronald Reagan in 1985 mandating the change by the fiscal year 1988. The Department of Defense met this mandate. Its ability to do this was enhanced by the compatibility of the previous management system, the Planning, Programming and Budgeting System, PPBS. The implementation of biennial budgeting has basically just extended the time frames at work in the existing system.

Although the PPBS made a smooth transition into the biennial time frame, the critics of biennialism are still vocal. The system, still at such a new stage, can not cite statistics to counter criticism. Similar, it can

not cite statistics to verify benefits it claims to bring. There are many obstacles that biennial budgeting for the Department of Defense faces. This could prove to be a reform that will enable the Department of Defense to compete more effectively for federal funding. On the other hand, this may prove to be a reform implemented without changing the position of the Department of Defense, or worse, decreasing its ability to compete.

This paper will look at the implementation of biennial budgeting by the Department of Defense. First, it will explain the formation of defense policy. The reason for this explanation is that the biennial budget request is the final result of the formation of defense policy. This explanation will also identify other reforms within the management system that deal with fiscal concerns. Second, this paper will address the arguments that support biennial budgeting and those that oppose it. Finally, this paper will conclude with an assessment of biennial budgeting as it presently exist within the Department of Defense.

DEFENSE POLICY

The formation of defense policy begins with a comprehensive statement by the President on national security objectives. This statement is the National Security Decision Directives(NSDDs). One primary function of the NSDDs is to provide a single policy statement that all actors involved in defense policy can

operate from. This document will reflect what the current administration generally believes that the defense posture should be. For example, after taking the oath of office, the President may wish to change the previous priorities of the defense posture. The NSDDs would generally state what priorities in the defense posture would be changed.

The implementation of biennial budgeting has included an additional item with the issuance of the NSDDs. The addition is the inclusion of budget projection with the NSDDs. These budget projections are done by the Office of Management and Budget. The purpose of the addition is to provide fiscal guidance from the initial stage of defense policy formation. For example, if the Department of Defense is to take more of a responsibility in the war against drugs, the budget projections would indicate it would have to do this with or without additional funding. Therefore, the defense planners know what the fiscal constraints are that they are working under.

BIENNIAL BUDGETING

The Biennial Planning, Programming, and Budgeting System (BPPBS) is the mechanism used by the federal defense policy makers to concentrate on the military objectives contained in the NSDDs. A complete cycle of the BPPBS consist of three stages: planning, programing and budgeting. A cycle will begin each odd fiscal year

and takes five years to complete.⁵ Through this management system, the Department of Defense has an institutional method to arrive at a consensus on the means to achieve national security objectives.

PLANNING PHASE

The planning phase focuses on several considerations to achieve its results - decisions that achieve the overall military objective of the NSDDs. It considers the broad objectives contained in the NSDDs, current defense policy, elements of joint operational concepts with respect to the entire range of threats from major opposing military forces, technical advances in fighting capabilities and terrorism. For example, the NSDDs may direct that stability in Central America receive priority in defense planning. The planning stage would consider this priority in light of the current and future threats in that region. Further, the ability to guarantee this priority must be considered against the ability to counter threats that exist in other regions.

The Department of Defense begins its planning stage for a new BPPBS cycles during January of each odd fiscal year. Among the major players in the planning is the Defense Resource Board. Members of this board include the Deputy Secretary of Defense (the Chairman), twelve members from the Secretary of Defense's Office, a member from the National Security Council, a member from the Office of Management and Budget, the Chairman of the

Joint Chiefs of Staff, Major Commanders in Chief, the Secretaries of the Army, Navy, and Air Force, the Chief of Staff for the Army, Navy and Air Force. This board will use the months of January and February to define middle and long range planning for the Department of Defense. Middle range planning is two to ten years and long range planning is ten to twenty years. This guidance will be given to the Secretary of Defense. The Secretary of Defense will use this guidance to aid in his selection of the best decisions for achieving national security objectives.

Another major player in the planning stage is the Chairman of the Joint Chiefs of Staff. Following the receipt of the NSDDs, the Secretary of Defense will instruct the Chairman to develop policy options that attain the objectives in the NSDDs. For example, the chairman could present the options of increased reserve component training in Central America or increased level of the active component present in Central America to enhance the stability in the region. The Chairman, with the help of the Joint Chiefs of Staff and the major commanders, will return to the Secretary of Defense the options by the middle of July. These options are contained in the Joint Strategic Program Document(JSPD).

Once again, the implementation of the biennial process has also included fiscal factors. This document will also state the force levels required for each budget

level specified in the NSDDs.⁷ The force levels tell the analyst what is needed in soldiers and materials to achieve the specified option. The inclusion of the force levels consistent with the budget levels is an important change for the Joint Strategic Program Document.

This document has received considerable criticism¹ in the past. The problem is that it was developed in a more or less one against the world environment. This environment did not recognize fiscal constraints, thus making projected force strengths and capabilities contained in the document unattainable. A former employee of the Office of Management and Budget described the document as follows:

...JSPD, this document, throughout my years in the government, was virtually identical every year. Each time the chiefs ignored resource constraints and called for a large increase above the level in the Defense Guidance. The report contained no analysis, no dollar estimates, and no list of rank priorities....⁸

The JSPD will establish resources for programs during the last two years of the cycle. Since the document is developed without resource constraints, the defense request for funding was often inflated. The inflated request was inevitable since the defense posture submitted resulted from a selection of options without fiscal considerations. Absent any fiscal considerations, the options given provided a force with enough weapons and equipment that would control a region. However, defense spending is not enough to accommodate a far superior show of force in every region of the world. For

example, the JSPD could provide that ten mechanized infantry divisions are to be deployed to Western Europe in a ten day time span if the region needed to be protected. The divisions can go ahead and build forces and equipment forward in Western Europe. However, the Air Force does not have enough airlift capacity to meet this strategy. Additionally, Congress is not ready to provide funds sufficient to satisfy this strategy.

The implementation of biennial budgeting has two procedures to address this problem. First, the inclusion of force levels as specified by the budget projection. This should put some realistic fiscal considerations into the developing of the JSPD. Second, the extension of the planning phase in the biennial process, with an annual update as opposed to a budget formulation, allots military planners more time to work at this stage. This should enable the document to contain more in depth analysis of what are the realistic options available for the defense policy of the United States.

PROGRAM PHASE

The programing phase extends from late July of the first fiscal year to late December of the second fiscal year. This phase will result in the translation of planning decisions into a figures of forces, manpower, materials and funds needed to achieve the selected defense posture. The main document that serves as a link between the planning and the programming phase is the

Defense Guidance. The Defense Guidance is a reflection of the options chosen by the Secretary of Defense and the President from the Joint Strategic Planning Document and the work of the Defense Resource Board. For example, a draft defense guidance could suggest that the force levels be reduced in Western Europe by removing the airborne battalion from Italy. The service's and the agencies are then given an opportunity to respond. This is the purpose of the draft defense guidance issued in October of the second fiscal year. After receiving input from the services and various agencies, a final Defense Guidance will be issued in late December of the second fiscal year. The final version will provide the strategic concepts and objectives, force and manpower requirements and fiscal guidance.⁹

Approximately four months after the final Defense Guidance, each service will publish a Program Objective Memorandum (POM). This memorandum states the requirements that are necessary to comply with the Defense Guidance. Each service's memorandum goes to the Defense Resource board. Included with the Services' memorandums will be a memorandum submitted by the Chairman of the Joint Chiefs of Staff. This Memorandum is called the Joint Program Assessment Memorandum (JPAM).

By June, the Defense Resource Board will circulate Issue Books. These Issue Books contain the programs they believe sufficiently satisfy the Defense Guidance. The

purpose of the Issue Books is to get reactions and comments from the services. After the Defense Resource Boards have gotten the reaction of the services, the Board will modify the Services' Memorandum if necessary. The Memorandums of the respective Services then become the documents that provide programing for the next five years. The first two years of the approved Memorandums become the basis for the budget request submitted with the President's budget in January of the third fiscal year.¹⁰

BUDGETING PHASE

The budgeting phase begins in October of the third fiscal year. It will result in a statement of the required congressional appropriations for the first two fiscal years of the approved five year program. The budget phase can be subdivided into three categories: formation, justification and execution.

Budget Formation

The beginning of this category of the budget phase runs concurrent with the formation of the Program Objective Memorandum of the Services. In early October of the third fiscal year, the services will forward a budget to the Defense Resource Board. The approved budgets are documented in the Program Budget Decisions (PBD) around December of the third fiscal year. In January, the PBDs are incorporated into the President's budget.

Under the biennial process the budget is submitted to Congress only once every two years. As the first fiscal year ends, the Defense Resource Board will conduct budget reviews. Based on budget reviews done by the Defense Resource Board, resources for various programs may be reprogramed to attain more effective use of the appropriated funds. The request for these resources would be contained in a budget update that is sent to Congress. In addition, Congress can provide supplemental appropriations and amendments if they feel it is necessary during an off year cycle.¹¹

Budget Justification

During this phase, the Department of Defense must justify their budget request before Congress. The two main actors within the congressional chambers are the Armed Service Committees and the Appropriations Committees. Before each of these committees, the Office of the Secretary of Defense justifies the budget request. The justification period should end before the beginning of the fourth fiscal year. However, Congress does not always meet this date.

Among one of the reason that Congress fails to met this deadline the disagreement between the Armed Service Committees and the Appropriating Committees. This disagreement often gives the Department of Defense funds for programs that were not authorized. The Department of Defense must wait for the committees to resolve their

differences. In fiscal year 1986, the Department of Defense Appropriations Act included over 150 line items that were authorized at lower levels or not at all. The fiscal year was over half over before the Department of Defense could conclude contract negotiations for almost six billion dollars of programs. 12 If Congress fails to meet the deadlines for a budget for the Department of Defense by the beginning of the following fiscal year, it will pass a continuing resolution. This provides funding for the Department of Defense at the same levels it was funded for the previous year.

The first biennial budget submitted for 1988-89 was authorized as requested.13 Authorization was given for the budget year (the first fiscal year) and the program year (the second fiscal year). The appropriations committees enacted legislation for the approved programs of the budget year but did not appropriate for the program year. Although the Armed Service committees were quick to adapt to two-year budgeting, the appropriation committees were firm in their resistance to two-year budgeting.14 This presents a significant obstacle to achieving the full benefits of the biennial system.

Budget Execution

This phase includes apportioning the funds that have been appropriated for the Department of Defense. After the President has signed the enacting legislation, The Office of Management and Budget will give the approved

amount to the Office of the Secretary of Defense. The Secretary will apportion the amounts as the approved budget directs. After the expenditure of these funds over the next two year period, a BPPBS cycle is concluded.

DEGREE OF REFORM

Before addressing the arguments that support or refute the value of the biennial system, there should be an understanding of not only how the system works but, how it has changed. This paper has focused on two basic changes. First, the change in the time frames for the Planning, Programming and Budgeting. Second, the incorporation of fiscal considerations into the initial stages of defense policy formation.

The change in the time frame has added a year onto the previous cycle that existed in the management of the Department of Defense. What used to be a four year cycle that centered mainly on the reoccurring annual process, is now a five year cycle. Although it is the actual budget period that has been extended the extra year, the implementation of the biennial system has afforded more time to all phases of the BPPBS. The planning phase can proceed during the budget year without the central focus of the next annual cycle since the next budget year has already been presented to Congress. By doing this, the Department of Defense is spared the redundant defense of request and the annual response to random changes in the

line-item make-up of the budget. This allows more time to concentrate on the planning phase. The program phase also is reduced in redundancy since the Joint Strategic Planning Document and the Service's Program Objective Memorandums are only produced once every two years. The annual PPBS produced this documents every year. In biennialism, the three stages of the budget phase occur once every two years as opposed to every year. Therefore, the implementation of the biennial budgeting has extended the time periods that previously existed in the budgeting process for the Department of Defense.

The second change is the incorporation of fiscal constraints into the formation of defense policies. Accompanying the implementation of biennial budgeting is the emphasis on fiscal considerations. They are now incorporated into the initial policy decisions. Further, they are reinforced by inclusion in other policy decisions through out the process. This, even in the absence of appropriations on a biennial basis, will prove to be beneficial to defense policy. It can only help the Department of Defense in competition for federal funds. The submission of realistic request will lessen the instability that result in changes by Congress. Though changes still will be made, this reform will help to reduce the changes made as a result of inflated and unrealistic defense funding request.

BIENNIAL BUDGETING: ITS SUPPORTERS

The Executive branch is a strong supporter of biennial budgeting for the Department of Defense. Within the legislative branch there is also strong support. The Congressional Budget Office and numerous members of Congress have endorsed the idea. The conclusion in June of 1986 of a Presidential Blue Ribbon Commission on Defense Management was very strong in its opinion that biennial budgeting for the Department of Defense was not only needed, but was necessary. Among the arguments given in support of biennial budgeting are the reduction of excess workloads for both the Executive and the Legislative branch, the lengthening of the short term focus of Congress, the stability it would allow in defense policy and the improvement in congressional ability to provide oversight for the Department of Defense.

Supporters of biennial budgeting are quick to argue that the extension of the time frames will reduce the workloads on all those involved in defense policy. For the Executive branch, biennial budgeting will reduce the amount of time spent on the near term issues of the annual budget process.¹⁶ The focus on the near term issues is inevitable when the Department of Defense is forced to justify its budget on an annual basis and respond to perceived congressional micro-management. This perception of micro-management results from the

line-item changes imposed by both the Armed Service Committees and the Appropriations Committees. The Department of Defense further perceives these changes as often random and therefore, not predictable.¹⁷ This places the Department of Defense in a position that forces it to react to the changes after the budget justification. With the growing necessity of continuing resolution, the Department is left reacting to random changes during a period that it should be submitting budget request to the President for the next fiscal year. Biennial budgeting will allow the Department of Defense an opportunity to evaluate decisions that were made in the previous budget. Additionally, it would allot time for an evaluation of planning and programming decisions.

Within the legislative branch, the extension of the time period would decrease the workload. First, it would decrease the numerous and often redundant debates that occur on an annual basis. Second, it would allow Congress to spend a year evaluating the defense policy and the effects of their decisions. This would place Congress in a better position to act quickly and decisively in the following year.

A major problem with the Congressional handling of the defense budget is the narrow focus that results from line-item review of the budget. During the justification for the 1985 budget, Congress made over 1,800 changes to separate defense programs and directed the Department of

Defense to research 458 request ranging from the feasibility of having lamb products in the commissaries to the status of retirement benefits for scouts in the Philippines. Further, congressional action in the same year resulted in a reduction of 20.5 billion in the President's request. However, only two percent of this reduction involved outright program cancellation or termination of procurements. Ninety-eight percent of the reduction came from line-item adjustments to the defense budget request.¹⁸ This observations lead the President's Blue Ribbon Commission to conclude that biennial budgeting was necessary.

With this form of congressional review, it is almost impossible to achieve long term goals for defense policy. The BPPBS takes the first three years to arrive at the budget request. The system is designed to identify the long-term goals with some fiscal constraints. It cannot work, and is frustrated when specific line-item requests become the central focus of defense policy and the long-term objectives become secondary. A good example of the frustration faced can be found in the approval by Congress to send a mechanized infantry division to Fort Polk, Louisiana. However, Congress did not approve the funding for a hospital to take care of the troops and their families that were being stationed at Fort Polk with the mechanized infantry division. The division stationed at Fort Polk was without the facility to take

care of their people. This undermined the effectiveness of the division stationed at Fort Polk. The implementation of biennial budgeting will allow Congress an opportunity to move away from narrow focus of line-item review of the budget. This would be achieved by extending the time period between the review of the budgets. Therefore, Congress would have time to evaluate and understand the long term objectives of the defense policy and the effect of their actions on the long term objectives.

If Congress was to lengthen its focus on defense policy, the result would be to provide the stability necessary to provide an effective defense. The random changes, the failure to meet deadlines and the absence of a long-term focus in the congressional review of the budget has resulted in instability. The Department of Defense does not have time to effectively evaluate its course of action in response to the congressional review. Instead, it must immediately be prepared to accommodate another annual congressional review of the budget. It must be given time not only to react to the changes but, to prepare for justification of the subsequent budget in light of the changes made by Congress in the present budget year. The biennial budget process would give the Department of Defense this opportunity.

Finally, supporters of biennial budgeting argue that it would enable Congress to provide oversight in an

effective manner. Effective oversight would be achieved by removing the current narrow focus of Congress. The reasoning behind this is that the difficulty encountered in defense policy decisions and the large amount of money they involve, mandates that Congress have a broad and comprehensive understanding of defense policy. Not until Congress has this can effective oversight be conducted. The extra time of the biennial process would allow congress to acquire this broad and comprehensive understanding.

The arguments for biennial budgeting for the Department of Defense are strong. The extra time to provide for a more thorough and efficient performance of the management system is a key factor in the support it is getting. Additionally, the arguments expose the fact that the future for defense policy is troubled. Something needs to be done to protect the future of the defense of the United States. There is a group that strongly believe that biennial budgeting will begin to correct the situation.

BIENNIAL BUDGETING: ITS OPPOSITION

The most visible opposition to biennial budgeting for the Department of Defense is found in the skepticism of the members of the Appropriations Committees. Unfortunately for biennialism, they happen to be a key element in its success. Some criticize biennialism based on the action of the Appropriations Committees in failing

to conform to the two-year time frame. Other arguments against biennialism cite the potential for abuse in the usage of the budget update and the inadequate and inappropriate oversight it gives to Congress over the Department of Defense.

As long as the appropriations committees refuse to fund on a two-year basis, there is no value in biennialism. There can be no reform since the defense budget still operates within the annual cycle. The Department of Defense is still required to defend their budget request before the House and the Senate each year. In light of this, the basis of the claimed benefits, that of extending the time frame, is removed. Therefore, there is no real effect of implementing a biennial planning, programming and budget system for the Department of Defense.

The second argument centers around the possibility that the supplemental budget request accompanying the budget update in the off-year would undermined biennialism. This supplemental procedure might become too burdensome and time consuming in the off-year for both Congress and the Department of Defense if it is abused. As long as some federal funding is done on the annual basis, the opportunity to increase defense spending in the off-year would not easily be overlooked. In the presence of conditions that would permit an increase or conditions that might mandate an increase in

the off-year, the budget update would begin to resemble the annual process. Although the potential for abuse could be controlled, the budget update procedure would have to be monitored carefully. There is no guarantee that changes in the defense budget process will result in changes in the behaviors of those who participate in it.

Finally, those who argue against biennialism also cite the oversight that results from it. Their perception is that it would be inadequate as well as inappropriate. The belief is that congress needs the annual budget justification to keep the attention of the executive branch. Further, they argue that the broad perceptions that biennialism is proposed to give to Congress would go beyond its proper role. The broad and comprehensive development of defense policy has always been done within the executive branch. For example, the choice of strategic weapons is a matter that mandates stringent security regulations as well as a specialized and complexed understanding of the subject. Congress can not realistic do more than endorse an opinion drawn by the military professionals that are qualified. 19

Those who argue against biennialism do not argue that there are no problems present in the formation of defense policy. Alternatively, they argue that biennialism is not the answer to correct the situation. Biennialism is more likely to create problems than to solve them.

CONCLUSION

It cannot be denied that there are problems in the formation of defense policies for the United States of America: Congressional review is done with a narrow focus as a result of line-item reviews; This does result in instability in the system; Accommodating the instability makes an adequate evaluation of the planning, programing and previous budget decisions hard to complete. There is not one solution that is going to separate defense policy from all these problems. Biennialism has been proposed to improve the conditions surrounding defense policy.

This proposal of biennialism has been strongly supported by the actual formation of a two-year budget for the Department of Defense for fiscal year 1988-89. It is within the executive branch that a proposed solution to the problem should come. Congress is responsive to the people. Although Americans generally agree that defense is an area of the budget that should be funded as necessary, only one-fifth of Americans favor an increase in the defense budget. 20 The defense budget is highly visible. The actions of Congress toward the defense budget are even more visible as pressure builds to curb federal spending. Allowing the defense budget to escape the annual justification of Congress would force more scrutiny on the remaining federal programs that

often are politically dangerous to cut. Congress is not going to purpose measures to improve the position of defense spending in the political arena. Alternatively, the resistance of the appropriations committee is probable a result of an effort to keep the defense budget in the political arena. Therefore, the executive branch is forced to respond on its own.

The executive branch has responded. Unfortunately, the problems identified may result from factors that run deeper in the structure of congress than line-item focusing. Congressional structure that accommodates budget decisions is plagued with redundant and time consuming obstacles. Jurisdictional disputes often force programs to be defended several times. Additionally, the political factors that influence decision of congress are inconsistent. Congress has evolved into a body that if it moves, it moves slowly. Further, it does not always move in the same direction. Biennial budgeting for the Department of Defense is not going to change these realities of Congress. But, to accept these realities, is to admit defeat.

Defense budget decisions are more than a response to perceived strategic needs of our country, they also serve to influence what the world will look like in future years. The defense policy decisions that the country makes today will determine her position in the 1990s and 2000s. The country cannot afford to have its defense

policy defeated as a result of the structuring of Congress. Therefore, the executive branch goes forward with the implementation of biennial budgeting. Further, those who work closely with the new system believe that it will bring benefit to defense policy.²¹ The first occurrence of the budget update was not abused as critics projected.²² This is a substantial accomplishment. After the submission of the 1988-89 budget request, there was a change in the Secretary of Defense, a successful budget summit and the Department of Defense was directed to assume a new responsibility of assisting in the war against drugs. If the budget update in its initial implementation can survive these changes, the chances of controlling abuse is great.

While the appropriation committees continue in their resistance to biennial budgeting, the Department of Defense is hoping to give the executive branch the projected benefits of biennialism. The Department of Defense was able to forgo the annual production of Program Objective Memorandums by the Services.²³ This demonstrates that the Department of Defense is proceeding under the guide lines of biennialism. The extension of the time frames have successfully been achieved in the Department of Defense.²⁴ Time will tell if there is a benefit as a result of the extension of the time frame.

Unfortunately, if any benefit results, it will not be shared with the legislative branch. For now, the

prospect of biennial budget receiving total acceptance in the legislative branch is slim. Short of an event so dramatic that it would significantly alter the defense policy environment, the acceptance will not occur. But, if and when it does occur, the executive branch will be ready. For now, analyst can only speculate about the potential of biennial budgeting for improving defense policy. In the future though, analyst may be able to look back and identify a period of reform for defense policy - that of biennial budgeting.

ENDNOTES

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BIENNIAL BUDGETING FOR THE DEPARTMENT OF DEFENSE

by

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AN ABSTRACT OF A REPORT

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The Department of Defense is encountering problems in the formation of an effective defense posture for the country. Many of these problems can be attributed to the annual budget process. As a result, the Department of Defense submitted a biennial budget to Congress for the years 1988-1989. In order to achieve this, the Department of Defense has changed its internal management system. The previous system, the Planning, Programming and Budgeting system, has been changed to operate in a biennial time-frame. Although the actual changes in the previous system have not been substantial, the Department of Defense is hoping that the effects of the changes will be. However, not all of the participants in the formation of the national defense policy support the biennial process. Some of those who oppose the biennial budget are in a position to frustrate the success of it.

This paper contains a look at the implementation of the biennial budget within the Department of Defense. Additionally, fiscal changes that have accompanied biennial budgeting are identified. Next, the arguments both for and against biennial budgeting are discussed. Finally, an assessment of the current implementation of biennial budgeting and its potential effects is given.